

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2500 - HB 2841

March 5, 2022

SUMMARY OF BILL: Authorizes the creation of a separate account in the general fund to be known as the Jail Diversion Fund (Fund). Requires the Department of Mental Health and Substance Abuse Services (DMHSAS) to designate half of the appropriated funds from the Fund to create the Behavioral Health Jail Diversion Grant Program (BHJD) and half of the appropriated funds to create the Community Crisis Response Grant Program (CCR). Requires DMHSAS to distribute grants to local units of government to establish or expand these programs and establishes procedures relative to this distribution for both DMHSAS and local governments.

Establishes that DMHSAS must compile and submit an annual report for each grant by September 30 of every year beginning in 2023 for the chief clerks of the Senate and House or representatives, along with publishing the report on DMHSAS's website.

States that DMHSAS shall seek federal Medicaid matching funds for the operation of either of these programs receiving grants as long as that funding is available.

States that it is the responsibility of DMHSAS to create the programs, determine appropriate staffing and resource allocation, manage external evaluation of grant recipients in order to determine program results and inform best practices, provide assistance and coordination among grant recipients, and assist with training resources between law enforcement and community crisis responder clinicians and community crisis responder peers.

FISCAL IMPACT:

**Increase State Expenditures - \$18,010,900/FY22-23
\$17,982,000/FY23-24 and Subsequent Years**

Increase Local Revenue - \$15,885,300/FY22-23 and Subsequent Years

Assumptions:

Behavioral Health Jail Diversion Grant Program

- In order to effectively implement the BHJD, DMHSAS will require an additional two staff positions, a Program Manager 1 and Program Manager 2.
- The new positions will lead to a recurring increase in expenditures of \$74,429 (\$57,888 salary + \$16,541 benefits) for the Program Manager 1 position, and an increase in

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expenditures of \$81,356 (\$63,828 salary + \$17,528 benefits) for the Program Manager 2 position. There will also be a one-time cost of \$14,450 (\$7,225 x 2) for office and computer equipment.

- There are currently 84 counties in Tennessee that are eligible to apply to the BHJD and 16 of those counties already have access to pre-arrest diversion programs, leaving 68 (84-16) counties to participate in the grant program. These counties would then be put into five county groupings, creating 14 (68/5) grants.
- The average cost for DMHSAS's eight current diversion programs is \$623,950. Assuming this would also be the cost for this diversion program, this would lead to a recurring increase in expenditures of \$8,735,300 (\$623,950 x 14).
- To appropriately compile, analyze, and submit an annual report for the Fund each year to the chief clerks, DMHSAS will need to contract with an external resource for an estimated expenditure of \$100,000.

Community Crisis Response Grant Program

- In order to effectively implement the CCR, DMHSAS will require an additional two staff positions, a Program Manager 1 and Program Manager 2.
- The new positions will lead to a recurring increase in expenditures of \$74,429 (\$57,888 salary + \$16,541 benefits) for the Program Manager 1 position, and an increase in expenditures of \$81,356 (\$63,828 salary + \$17,528 benefits) for the Program Manager 2 position. There will also be a one-time cost of \$14,450 (\$7,225 x 2) for office and computer equipment.
- All of Tennessee's 95 counties would be eligible for the community crisis response grant program and it is assumed that all will participate.
- To appropriately compile, analyze, and submit an annual report for the Fund each year to the chief clerks, DMHSAS will need to contract with an external resource for an estimated expenditure of \$150,000. This figure is slightly higher than the BHJD's external contract due to the more complicated nature of the metrics being used.
- It is assumed that one crisis responder would be needed per 100,000 individuals in urban counties and one crisis responder per 150,000 individuals in rural counties. This is because urbanized counties are expected to have a higher instance of need.
- Using the metric of a 50,000 population to differentiate urban from rural counties, there are 11 counties that qualify as urban and 84 that qualify as rural. The 11 urban counties would have an average of 4 responders per county and the urban counties would have approximately 1 responder per 4 counties. This results in there being a need for 65 [(4 responders x 11 urban counties) + (1 responder / 4 counties x 84 rural counties)] crisis responders.
- The average total cost of a crisis responder is \$110,000, resulting in an increase in expenditures of \$7,150,000 (65 x \$110,000).

Total Fiscal Impact

- The total increase in expenditures created by the BHJD is expected to be \$9,005,435 (\$74,429 + \$81,256 + \$14,450 + \$8,735,300 + \$100,000) in FY22-23 and \$8,990,985 (\$74,429 + \$81,256 + \$8,735,300 + \$100,000) in FY23-24 and subsequent years.

- The total increase in expenditures created by the CCR is expected to be \$7,470,145 (\$74,439 + \$81,256 + \$14,450 + \$150,000 + \$7,150,000) in FY22-23 and 7,455,695 (\$74,439 + \$81,256 + \$150,000 + \$7,150,000) in FY23-24 and subsequent years.
- Although there is a difference between the costs associated with each program, the proposed legislation states that the Fund must be equally split between the two programs. Therefore, in order to completely cover the cost of both, it is assumed that \$9,005,435 in FY22-23, and \$8,990,985 in FY23-24 and subsequent years will be necessary for each program.
- Therefore, the total increase in expenditures associated with the proposed legislation will be \$18,010,870 (\$9,005,435 x 2) in FY22-23 and \$17,981,970 (\$8,990,985 x 2) in FY23-24 and subsequent years.
- The total increase in revenue to local governments participating in the proposed legislation will be \$15,885,300 (\$8,735,300 + \$7,150,000) in FY22-23 and subsequent years.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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